

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 1567

January 10, 2019

SUMMARY OF BILL: Grants all veterans with a service-connected disability, regardless of the extent of such disability, one free disabled veteran memorial license plate.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue - \$1,462,800/FY20-21 and Subsequent Years/Highway Fund
\$29,900/FY20-21 and Subsequent Years/General Fund**

Assumptions:

- An effective date of July 1, 2020.
- Currently, one free vehicle registration is available to veterans with service-connected disabilities who meet the following criteria:
 - Loss or permanent loss of use of one or both feet;
 - Loss or permanent loss of use of one or both hands;
 - A permanent loss of vision in both eyes, dependent upon severity of visual impairment; or
 - Any other service-connected disability that is determined by the U.S. Department of Veterans Affairs to constitute a 100 percent permanent total disability.
- This legislation will increase the number of disabled veterans eligible for free disabled veteran license plates, resulting in a decrease in state revenue.
- According to the Department of Revenue (DOR), there are currently 30,955 passenger vehicles and 533 motorcycles registered with free disabled veteran license plates.
- Approximately 98.3 percent of disabled veterans plates are for passenger vehicles $[30,955 / (30,955 + 533)]$ and 1.7 percent are for motorcycles $[533 / (30,955 + 533)]$.
- According to the Department of Veterans Services, there are approximately 117,427 veterans in this state with a service-connected disability.
- Approximately 75 percent, or 88,070 $(117,427 \times 75\%)$, veterans in this state with service-connected disabilities are capable of operating and will register, free of charge, a passenger vehicle or motorcycle.
- The registration fee is \$26.50 for a passenger vehicle and \$19.50 for a motorcycle.
- A recurring decrease in state revenue due to a decrease in passenger vehicle plate revenue estimated to be \$1,473,872 $\{[(88,070 \times 98.3\%) - 30,955] \times \$26.50\}$.
- A recurring decrease in state revenue due to a decrease in motorcycle plate revenue estimated to be \$18,802 $\{[(88,070 \times 1.7\%) - 533] \times \$19.50\}$.

- A total recurring decrease in state revenue, beginning in FY20-21, of \$1,492,674 (\$1,473,872 + \$18,802).
- Pursuant to Tenn. Code Ann. § 55-6-107, all proceeds of such tax revenue are estimated to be apportioned by a distribution of 98 percent to the Highway Fund and 2 percent to the General Fund.
- A recurring decrease in state revenue to the Highway Fund of \$1,462,821 (\$1,492,674 x 98%).
- A recurring decrease in state revenue to the General Fund of \$29,853 (\$1,492,674 x 2%).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jdb